



CITY OF JANESVILLE

Wisconsin's Park Place

Thank you for your interest in working with the Rock County HOME Consortium as a Community Housing Development Organization (CHDO).

Before applying to receive HOME funding as a CHDO within the Rock County HOME Consortium, your agency must complete an application for CHDO certification.

Certification applications must be submitted to the Rock County HOME Consortium each time the applicant non-profit applies for HOME funds as a CHDO.

Please complete the entire application with the required documentation and submit it to the Rock County Consortium along with your application for funds. We will process your application once your packet is complete, and will notify you within 30 days of approval/denial of CHDO status.

All information should be sent to:

City of Janesville
Neighborhood & Community Services Department
PO Box 5005
Janesville, WI 53547-5005

If you have questions regarding the CHDO application or the program in general, please contact:

Jennifer Petruzzello at petruzzelloj@ci.janesville.wi.us or 608-755-3038, or

Carrie Clark at clarkc@ci.janesville.wi.us or 608-373-3441.

For more information on the Federal requirements for CHDO certification, see the Final HOME Rule, 2013, at: <https://www.onecpd.info/home/home-final-rule/>

ROCK COUNTY HOME CONSORTIUM

COMMUNITY HOUSING
DEVELOPMENT ORGANIZATION
(CHDO)

CERTIFICATION APPLICATION PACKET

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CHDO CRITERIA

To be certified as a Community Housing Development Organization ("CHDO"), an organization must meet the certification criteria as required by the U.S. Department of Housing and Urban Development (24 CFR 92.2) and comply with the following policies in order to receive and retain CHDO certification from the Rock County Consortium.

ORGANIZATION: The organization must be formally organized under state and local laws.

PURPOSE OF ORGANIZATION: The organization must have among its purposes the provision of decent housing that is affordable to low- and moderate-income persons. The CHDO must specify its service area within which it will operate.

TAX EXEMPT RULING: The organization must have a tax-exempt ruling from the Internal Revenue Service (IRS), under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986 or be a subordinate of a central organization under IRC905 or be a wholly-owned entity that is regarded as an entity separate from its owner for tax purposes when the owner organization has a tax-exempt ruling from the IRS under section 501(c)(3) or 501(c)(4).

BOARD COMPOSITION AND COMPENSATION: To be certified as a CHDO, at least one-third of the organization's Board of Directors must consist of representatives of the low-income community and no more than one-third of the Board can be from the public sector. Board members may receive a reasonable fixed sum and expenses for each board meeting he/she attends. However, board members cannot receive a salary for their service as a board member.

LOW-INCOME INPUT: The organization must have a specific formal (written) process for low-income program beneficiaries to advise the organization in its decisions regarding the design, location of sites, development and management of affordable housing projects within its service area.

SPONSORSHIP OR CREATION BY A FOR-PROFIT ENTITY: A for-profit entity cannot qualify as a CHDO, but a for-profit entity may sponsor the creation of a wholly separate nonprofit. However, the for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as builder, contractor, developer, or real estate management firm.

If a CHDO is sponsored or created by a for-profit entity, the entity may not appoint more than 1/3 of the CHDO Board of Directors, nor serve as officers or employees of the CHDO.

SPONSORSHIP OR CREATION BY A GOVERNMENTAL ENTITY: A governmental entity cannot qualify as a CHDO, but a governmental entity may sponsor the creation of a wholly separate nonprofit. However, if a CHDO is sponsored or created by a governmental entity, the entity may not appoint more than 1/3 of the CHDO Board of Directors, nor serve as officers or employees of the CHDO.

FINANCIAL ACCOUNTABILITY: The organization must have financial accountability standards and certify that its financial management systems comply with a specific standard. Organizations that have been operating for one year or more must submit audited financial statements for the organization's most recent program year. The audited financials should include a twelve-month balance sheet and operating statement. The financial statements will be used in assessing the organization's financial capacity for executing the affordable housing activities it intends to pursue.

EXPERIENCE: The organization must be able to demonstrate that it has at least one year of experience directly related to the development of housing. Newly created organizations that do not have this experience may meet the requirement if it has a nonprofit parent or sponsor organization that can demonstrate at least one year of experience in the development of housing, or by hiring a development consultant for the CHDO's first year of operation.

STAFF AND CAPACITY: The organization must have experienced paid staff responsible for the day-to-day operations. In addition, it must be able to demonstrate the capacity of its key staff to carry out the housing activities it is planning to undertake.

Rock County Consortium Community Housing Development Organization (CHDO) Certification Application

APPLICANT INFORMATION:

Name of Organization

Address

City

State

Zip Code

Contact Person

Position with Organization

Telephone Number

Email Address

Fax Number

Federal Tax I.D. Number

I hereby certify that all statements provided in this application and in the attachments herein are true; that I am authorized to sign this application, and to make these statements, on behalf of the applicant organization; and that the organization understands that misrepresentation of any facts which lead to the improper allocation and expenditure of public funds may result in legal action against the organization for retrieval of any such funds and appropriate penalties.

Signature of Board Chair or Authorized Signator

Date

Printed name, Title

I hereby certify that _____ (agency name) conforms to the financial accountability standards of 24 CFR 84.21, "Standards for Financial Management Systems".

Signature of Chief Financial Officer

Date

Printed name, Title

NOTE: As part of the application process, the Rock County Consortium will do all necessary due diligence to verify that the operations of an organization are being conducted in accordance with the representations made in this CHDO application.

I. REQUIRED ELEMENTS FOR CERTIFICATION

- A. **BOARD COMPOSITION:** To be certified as a CHDO, at least one-third of the organization's Board of Directors must consist of low-income representatives that reside in the applicant's service area and no more than one-third of the Board can be from the public sector. When calculating the one-third requirements, we consider the total number of Board Members regardless of their permanent residence. Board members cannot receive salary for their service as board member.

1. An applicant organization must ensure that at least one-third of its governing board consists of representatives of low-income communities within its service area. There are three ways to meet this requirement: (1) individuals can be residents of a low-income neighborhood in the organization's service area but they do not necessarily have to earn a low income themselves, (2) they can be low-income residents of the community; that is, their household income is 80% or less than the Area Median Family Income for the service area as published by the U. S. Department of Housing and Urban Development, or (3) they may be elected representatives of low-income neighborhood organizations.
2. No more than one-third of the organization's Board of Directors may be from the public sector. Representatives of the public sector include: (1) *elected officials*, such as council members, (2) *appointed public officials*, such as planning or zoning commission, regulatory or advisory boards, (3) *public employees*, which include employees of public agencies or departments of the City such as fire and police, and (4) any individual who is not necessarily a public official, but has been *appointed by a public official* to serve on the organization's Board of Directors.

To verify that your current Board meets both the low-income requirement and the limits on public sector representation above, **please provide a full listing of the current board for the organization. On the listing, you must provide the following information for each member: full name, date and length of appointment, employer, and which community he or she represents (low-income, public sector, other).** Documentation supporting those designations must be maintained in the organization's files.

- B. **LOW-INCOME INPUT:** To be certified a CHDO, an organization must have a specific formal (written) process for low-income program beneficiaries to advise the organization in its decisions regarding the design, location of sites, development and management of affordable housing projects. Specifically, the organization must have a detailed written plan for ensuring that input from low-income program residents of the service area will be solicited and integrated into the decision-making and project development processes of the organization. **Please provide a copy of the written procedure for gathering low-income input, and some examples of past outreach efforts.**

C. **FINANCIAL ACCOUNTABILITY:** The organization must have financial accountability standards that conform to 24 CFR 84.21, "Standards for Financial Management Systems". These standards are a variation on OMB Circular A-133 but are an updated version to that circular. The organization must certify that its financial management systems comply with this specific standard. Please provide the following information:

- A copy of the most recent bank statement.
- The most recent certified financial statements that have been audited or prepared by an accountant

If your organization does not have audited financial statements because it has been operating for less than one year, you must submit the audited financial statements of the parent or sponsor organization.

A non-profit organization cannot be certified as a CHDO if the organization's most recent financial statements and/or audit reflect an outstanding finding, material weakness or other unresolved matter that would affect the capacity of that organization to successfully develop a CHDO project.

D. **EXPERIENCE:**

To be certified as a CHDO as a **developer**, the organization must be able to demonstrate that it has at least one year of experience **directly related to the development of housing**. As a developer, the CHDO arranges financing and is in sole charge of construction or rehabilitation. For rental projects, the CHDO owns the property during development and throughout the period of affordability and performs all development activities. For homebuyer projects, the CHDO owns, rehabilitates or constructs a property, then sells the property. The CHDO must own the property in fee simple title. Newly created organizations that do not have this experience may meet the requirement with a multifamily rental development consultant or if they have a nonprofit parent or sponsor organization that can demonstrate at least one year of experience in the development of housing. Please provide the following:

- A narrative statement, signed by the Executive Director or Board President, documenting that the organization has at least one year of experience directly related to the development of housing prior to seeking CHDO certification; or
- A statement signed by the Executive Director or Board President that documents that its parent or sponsoring organization has at least one year of experience related to the development of housing; and
- A signed agreement or letter of understanding between your organization and the nonprofit parent or sponsor organization that documents the relationship between the two organizations.

To be certified as a CHDO as an **owner**, the organization must be able to demonstrate that it has at least one year of experience **directly related to the ownership and management of housing**. As an owner, the CHDO would act as an owner of rental housing that it does not develop and the CHDO would hire a project manager or contract with a developer to perform rehabilitation or construction. The CHDO must own the property in fee simple title. Please provide the following:

- A narrative statement, signed by the Executive Director or Board President, documenting that the organization has at least one year of experience directly related to the ownership and management of housing prior to seeking CHDO certification; or

- A statement signed by the Executive Director or Board President that documents that its parent or sponsoring organization has at least one year of experience related to the development of housing; and
- A signed agreement or letter of understanding between your organization and the nonprofit parent or sponsor organization that documents the relationship between the two organizations; and
- A signed agreement or letter of understanding with a developer or contractor who has at least one year of experience directly related to the development of housing, and who will assist in the oversight of the development process.

E. **STAFF AND CAPACITY:** The organization must have experienced paid staff responsible for the day-to-day operations. The organization must demonstrate the capacity of its key staff to carry out the activities it is planning to undertake.

Officers or employees of a parent organization (including governmental or public parent organizations) are prohibited from serving as officers or employees of the CHDO (except for the permitted 1/3 of CHDO board members).

Please provide the following:

- Resumes of key paid staff members who have successfully completed a project(s) similar to those to be assisted with HOME funds, (include project descriptions of relevant completed projects).
- Listing of relevant current and previous HOME funded projects undertaken by this Agency within the past 10 years. Indicate if the projects were completed/are progressing in accordance with the appropriate CHDO Agreement. If any current projects are stalled or not progressing in accordance with the appropriate CHDO Agreement, indicate measures that are being taken to advance the project(s).

II. ORGANIZATIONAL STRUCTURE

- A. **ORGANIZATION:** To receive certification, your organization must be organized under state and local laws and must provide evidence of legal status. Please provide:
- Charter, or
 - Articles of Incorporation.
- B. **PURPOSE OF ORGANIZATION:** An organization must have among its purposes the provision of decent housing that is affordable to low and moderate-income persons. Please provide the following:
- By-laws of the organization,
 - Articles of Incorporation,
 - Charter, or
 - Resolution.
- C. **NO INDIVIDUAL BENEFIT OR DISTRIBUTIONS:** No part of your organization's net earnings can inure to the benefit of any member, founder, contributor or individual. All net income must be reinvested in the projects developed by the organization or in subsequent affordable housing projects. Please provide the following:
- By-laws of the organization,
 - Articles of Incorporation, or
 - Charter.
- D. **TAX EXEMPT RULING:** Provide evidence that it has a tax-exempt ruling from the Internal Revenue Service (IRS), under section 501 (c) of the Internal Revenue Code of 1986.
- A 501 (c) (3) Certificate Letter from the IRS
 - A 501 (c) (4) Certificate Letter from the IRS
- E. **SERVICE AREA:** To receive certification an organization must have a clearly defined geographic service area. The service area can be an area larger than a single neighborhood but must be within the Rock County Consortium's HOME Participating Jurisdiction. Please provide the following:
- Neighborhood Name(s), Census Tract(s), Zip Code(s), and Boundary Streets
 - Include a Map
 - Indicate which municipal jurisdiction(s) you are seeking certification to work within: City of Beloit, City of Janesville, or Rock County (outside the Cities of Beloit and Janesville).
- F. **RELIGIOUS ORGANIZATION SPONSORSHIP:** Is your nonprofit organization sponsored or created by a religious organization?

☐ Yes

☐ No

If the answer above is "Yes," please note that a religious organization may be a CHDO, however, housing units developed by the CHDO organization must be made available to all persons, regardless of religious affiliation or belief.

G. **FOR-PROFIT ORGANIZATION SPONSORSHIP:** Is your nonprofit organization sponsored or created by a for-profit entity?

☐ Yes

☐ No

If the answer above is "Yes," a for-profit entity cannot qualify as a CHDO, but a for-profit entity may sponsor the creation of a nonprofit. However, the for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, contractor, developer, or real estate management firm. The for-profit entity may not appoint more than one-third of the membership of the organization's governing body. Board members appointed by the for-profit entity may not appoint the remaining two-thirds of the Board members and the CHDO organization must be free to contract for goods and services from vendors of its own choosing.

III. ROCK COUNTY CONSORTIUM USE ONLY

Reviewed and approved by: _____. Date: _____.

Reviewed and denied by: _____. Date: _____.

Comments:
